Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 LISBON 08404 311854Z
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EB-04 INR-05 CIAE-00 NSAE-00
OMB-01 SP-02 TRSE-00 NSC-05 IO-06 L-01 /047 W
----------025863 010713Z /14
R 311732Z OCT 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 3579
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 8404

LIMDIS

E.O. 11652: GDS-3
TAGS: EFIN, ECON, PO
SUBJECT: SOARES IS OPTIMISTIC ABOUT IMF NEGOTIATIONS

1. IN BRIEF CONVERSATION OCTOBER 31 I TOLD SOARES WE WERE ENCOURAGED THAT GOP AND IMF APPEARED TO BE COMING TO AN AGREEMENT. HE WAS PLEASED, AND REMINDED ME OF HIS EARLIER OBSERVATION THAT SOUSA GOMES HAD CHANGED HIS OUTLOOK SIGNIFICANTLY. THIS TIME I AGREED.

2. SOARES SAID THAT HIS TALKS WITH THE SOCIAL GROUPS, I.E., EMPLOYER ASSOCIATIONS AND LABOR ORGANIZATIONS, ON THE NEED TO ACCEPT IMF RECOMMENDATIONS WERE GOING VERY WELL, MUCH BETTER THAN HIS TALKS WITH THE POLITICAL PARTIES. HE THOUGHT
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THE PARTIES WOULD IN TURN BEGIN TO RESPOND TO PRESSURE FROM THE SOCIAL GROUPS. THIS SEEMED TO BE HAPPENING TO THE CDS ALREADY; HE HAD JUST RECEIVED A LETTER FROM CDS PRESIDENT FREITAS DO AMARAL TAKING A RELATIVELY CONCILIATORY LINE.

3. COMMENT: THE GOP HAS MADE CONSIDERABLE PROGRESS IN

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MOVING TOWARD AGREEMENT WITH THE IMF AND HAS MADE A
START TOWARD EXPLAINING ECONOMIC SITUATION TO OPPOSITION
PARTIES AND SOCIAL GROUPS. ALTHOUGH THE DEMOCRATIC
PARTIES HAVE PRIVATELY SHOWN SOME WILLINGNESS TO TEMPER
THEIR BARGAINING POSITIONS THEY WILL NOT SIGN ON TO A
UNILATERALLY DEVELOPED PS AUSTERITY PROGRAM WITHOUT
SUBSTANTIAL PS CONCESSIONS. SOARES AND THE SOCIALISTS
MAY BE SUCCESSFUL IN TOUGHING IT OUT FOR NOW, BUT THE
ABSENCE OF BROAD SUPPORT OF THE GOP UNDERTAKINGS WITH THE IMF
WOULD MAKE IMPLEMENTATION EVEN MORE DIFFICULT.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: AGREEMENTS, NEGOTIATIONS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Oct-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
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Review Content Flags:
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Review Event:
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Review Release Date: n/a
Review Release Event: n/a
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SAS ID: 728499
Secure: OPEN
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TAGS: EFIN, ECON, PO, IMF, (SOARES, MARIO)
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Type: TE
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